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CO-OPERATIVE FARMING IN SASKATCHEWAN

BY

HENRIK F. INFELD

*Executive Director Rural Settlement Institute
(United States of America)*

INTRODUCTION

CO-OPERATIVE settlements are found to-day in many parts of the world. Their number is considerable, and it may well be said that they form a substantial part of our modern socio-economic reality. Social research should find in co-operative communities rewarding objects of investigation, for many reasons, but above all, because: (a) they function along clearly-defined lines of action, as laid down in the Rochdale principles; (b) the basic conditions of these communities are the same as those that determine any human society; (c) being simple, but at the same time comprehensive, social systems, they render the larger social whole more intelligible; (d) they can be subjected to a thorough investigation on the sociological as well as on the economic level.

There is, moreover, one noteworthy aspect of the co-operative community. Each new group as it forms reveals some of the mechanisms which must have been at work in the origins of civilised society. Insight, otherwise hardly accessible, offers itself to the sociologist into co-operative group formation.

It was with great interest, therefore, that the Rural Settlement Institute received the news of a movement towards co-operative farming among the farmers of Saskatchewan. The movement appeared to be wholly spontaneous, aided by genuine sympathy and support on the part of the provincial government. Several farms, we learned, had been already incorporated, and others were in the process of becoming established. No large numbers were involved. But the fact that a sound and promising trend towards the modern co-operative community seemed to be developing in a cultural pattern so similar to, if not identical with that of the U.S.A., was enough to warrant attention. It was decided to look more closely into this development and during the summer of 1946 a field survey was carried out which took the author, with a

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small supporting staff, through all the incorporated co-operative farms in the province. This article is based on material gathered in the survey.

THE NEED FOR CO-OPERATIVE FARMING

A basic assumption in all systematic investigation of co-operative groups could be formulated as follows: Between certain basic needs and their satisfaction, our competitive culture has erected barriers, which are being experienced by an increasing number of individuals as insurmountable. Instead of resigning themselves to frustration, some of these individuals abandon, to a lesser or larger degree, competition, with its emphasis on doing things against others for one's own sake, and resort to co-operation. In doing so, they are ready to yield voluntarily part of their freedom and to share the benefits accruing from their common enterprise equitably.

If this basic assumption is correct, the first questions to be answered are these: (a) what are the particular needs which co-operation tries to satisfy? (b) what are the particular barriers in the given situation which co-operation tries to overcome? Applying these questions to the situation in Saskatchewan, we shall ask: What in this province are the farmers' needs left unsatisfied by competitive economy? And what aspects of this economy make them resort to co-operative action? 17959

The business of the Saskatchewan farmer is essentially the same as that of farmers anywhere. It consists in the endeavour to derive from the cultivation of the soil and from related activities a reasonably secure livelihood. In his particular case, there are three basic needs which it is difficult for him to satisfy: (1) economic security; (2) adequate social contacts; (3) fair provision for the next generation. In addition, there is the need, created by the termination of the war, to provide veterans desiring to take up farming an opportunity to do so.

Due to geographic-climatic and soil conditions, the Saskatchewan farmer appears to have been forced into the most competitive kind of agriculture, one-crop farming. The whole southern part of the province is particularly well suited for wheat farming. As long as prices are good, such farming proves quite profitable; but as soon as prices fall, the situation can easily become catastrophic. The story of the years from 1920 up to the present is one in which "the general level of prices for

Canadian farm products probably experienced the most violent fluctuations ever recorded in the economic history of Canada."¹ Prices fell from an index of 164 in July, 1920, to 96 in December, 1921. After a gradual recovery until 1925-26, prices fell again until 1929, when the world-wide depression made them hit rock bottom. While things were bad in Canada, as everywhere, they were even worse in Saskatchewan. At a time when the lowest index for farm products for Canada in general stood at 48.4, it reached in Saskatchewan a low of 33.9.

In general, this was due to the drastic decline in wheat prices, but in particular to what Hope and his associates call "the rigidity of general distribution charges".² Which, in other words, means that the railroads, exercising their monopoly of transportation, kept exacting the same rates they had been charging when the price of wheat was three times as high. The same "rigidity" of the competitive system held living costs and the price of "things farmers buy", out of step with the falling income. While the index of farm prices reached the low of 33.9, the index of living costs remained up at 80.9 and that of "things farmers buy" at 82.8.³ No wonder that when, into the bargain, the grain fields showed a low yield, as happened in Saskatchewan during the period from 1929-40, the net income fell to such low levels as to drive many farmers into bankruptcy.

Relief from this situation was sought in co-operative action of the segmental kind. The history of the wheat pool in the last two decades is the story of a successful fight for a more stable price for farm products.⁴ But there were many whom even price stabilisation could not help. Those "located on lands marginal and sub-marginal for wheat production, and some of those farming in districts ordinarily considered to be fair farming areas, came to the conclusion that farming under these conditions was a hopeless task".⁵ Some

¹ E. C. Hope, H. Van Vliet and C. C. Spence: *Changes in Farm Income and Indebtedness in Saskatchewan during the Period 1929 to 1940*. Univ. of Saskatoon, College of Agr., Extension Bull. No. 105, p.6.

² *Ibid.*

³ cf. 1. cit., Table I.

⁴ See *The Wheat Pool and its Accomplishments*, issued by Saskatchewan Co-operative Producers, Ltd., 1946.

⁵ R. A. Stutt and H. Van Vliet: *An Economic Study of Land Settlement in Representative Pioneer Areas of Northern Saskatchewan*, Dominion of Canada, Dept. of Agric. Technical Bull., No. 52, June, 1945, p. 7.

of these defeated farmers emigrated to the U.S. or elsewhere; some went north, into the wooded area of Saskatchewan. Here the land was cheap and could be obtained by homesteading. But the difficulties were enormous. The land had to be cleared and broken, and this could not be done fast enough to provide even mere subsistence. Relief and re-establishment aid were needed to save the resettled from starvation, long after farmers in the wheat region had begun to recover. Only during the last years of the war, with high prices for farm products, could these northern settlers reach self-support. Only then action aiming at self-help became conceivable.

The main need was more efficient clearing of the bush and breaking of the land. Machines, which the individual farmer could not afford, were needed, and so the first step towards self-help assumed naturally the form of a machine-sharing co-operative.

In Saskatchewan, most of the co-operative farms are located in the northern parts of the province. Pooling of machinery is the main feature; but it is often only the initial step towards a more inclusive kind of co-operation. Four of the incorporated co-operative farms are of this type: The Round Hill and the Mount Hope Agricultural Production Co-operatives, in the north-west; the Algrove Co-operative Farm and the Orley Production Co-operative Association, in the north-east. Two, the McIntosh and Turner Co-operative Farms, in the north have started to establish enterprises, such as dairy and poultry, supplemental to the operation of a complete farm.

Another need which cannot be satisfied on individual farms in Saskatchewan is that of adequate social contacts. In the gamble of one-crop wheat farming, only the successful can escape the dreariness of the isolated farm. They do so, by the simple device of closing up for the winter and moving to a home in the city. For the less well off, as soon as the roads are turned into "gumbo" traps by rain, or into impassable drifts by snow, there is complete seclusion. Even when the roads are open, distances between the individual farms are so great as to make social intercourse practically impossible. With all that they imply in lack of technological, medical, educational, and recreational services, the unsatisfied social needs prove thus an additional factor in the trend towards the co-operative farm. This factor was the dominating motive in the formation

of the Sturgis Farm Co-operative, located in the north-east of the province.

A third basic need is that of providing for the young on the farms. One-crop wheat farming requires a minimum of a quarter section (160 acres) for a bare subsistence. Partition of a small, or even a middle-sized farm among the male offspring means condemning each of them to failure from the start. It is the oldest son alone who can hope to take over his father's farm and to make a go of it. If there are younger sons, they have no choice but to hire themselves out as farm hands. They may hope to save, after years of strenuous effort, enough money for a down-payment on a small farm of their own. There are some who succeed in doing it; but they labour under a heavy debt, and only a few are fortunate enough ever to obtain a clear title to their land.

One family, at last, seems to have found a way out of this unfair routine. The farm-owning members decided to pool land and equipment, and to make the younger sons full-fledged members of the co-operative farm. On the Laurel Farm, located north of Saskatoon, the younger sons start out as co-owners and work towards full equity in the co-operative.

Finally, there is the problem of the boys who went into the Army and who now, after they have helped to win the war, expect to be given opportunity for a better, more securer, and socially more satisfying life on the farm. Many of them, if they are married, have a reasonable chance of obtaining, with the financial help of the Federal Government, an individual farm. Twelve hundred veterans will have been settled in this way in Saskatchewan by 1946. But this is practically impossible for the single veteran, and for this reason the Saskatchewan Government decided to offer settlement to war veterans in co-operative farms. The response to this offer was strong enough to warrant establishment of the Veterans' Co-operative Farm at Matador, in the south-west of the province.

It should be understood that by singling out the dominant need which co-operation was in each case found to be satisfying, and by thus formulating four basic types of co-operative farms in Saskatchewan, we do not mean to imply that these motives function independently of each other. As a matter of fact, in each case, all the needs enumerated will be found to supply a motive for co-operative action. It is only for the sake of greater

clarity that this method of presentation was chosen. And also, in the hope that it will help others to identify their own needs and to profit from the manner in which the Saskatchewan farmers went about satisfying them through co-operation.

THE ECONOMIC NEEDS

In a recent release, the Department of Co-operation listed 32 co-operatives for agricultural production in Saskatchewan. Among these were nine co-operatives for the use of machinery and co-operative farms, "progressing toward co-operative communities". The others were:—

- 16 grazing co-operatives,
- 12 livestock-breeding co-operatives.
- 3 sheep-raising co-operatives,
- 1 honey production co-operative,
- 1 fur production co-operative.

Since we are here concerned with the type of co-operation which is, or tends to become, communal in character, we shall omit discussion of the other agricultural production co-operatives. We shall concern ourselves with the nine co-operatives "progressing towards co-operative community".

The oldest among the machine sharing co-operatives in Saskatchewan is the Round Hill Agricultural Production Co-operative Association, incorporated in November, 1943. It is the only one of those here described which was established before the present Government came to power in the province.

Machine sharing of the more or less informal kind has been practised among the farmers of Saskatchewan prior to the incorporation of Round Hill. But wherever it was attempted with a more extensive scope it became ensnared in serious difficulties. Chief among these was the problem of organising the use of machinery to the satisfaction of all concerned. Farmers in the same area will often want to use the same piece of machinery at the same time. Those whose turn comes too late will resent the bad deal and will be inclined to give up the arrangement. The Round Hill group appears to have found a satisfactory way out of these difficulties.

Farming in the North Battleford area, where the Round

Hill group was formed is of a diversified character, crop growing combined with livestock breeding. The average farmer cannot handle efficiently both branches of agriculture simultaneously. He has to sacrifice a large part of his income to hire a man, or his farm will suffer. The way out of this dilemma was found in a co-operative which pools the machinery, hires one man for the whole group to handle it, and frees the members to attend to their livestock.

A driving force behind this co-operative was a couple with an unusual background. The man had been a "Junker" of the purest calibre, officer in the German Imperial Army during the first World War, heir to a large estate in East Prussia, and owner of Silesian coal mines; his wife, the daughter of a German aristocratic family with close relations to the Imperial House. The inflation of 1923 ruined them financially and drove them to emigration. After several years of attempting to re-establish themselves in the U.S.A., they landed in Canada and went into farming, first hiring themselves out, and later becoming tenants on their present farm. Thus re-conditioned to the ways of democracy, they took the lead in educating their neighbours in the principles of co-operation and in November, 1943, eight of them registered the Round Hill Agricultural Production Co-operative Association, Ltd. Two more joined a year later, and the membership has remained since then at ten.

The stated purpose of the association was, "To purchase, rent, lease or otherwise acquire farm machinery and equipment to be maintained and used by the association to assist its members to carry on their farming operations"¹ They elected a board of directors, as required by the Co-operative Associations Act, and proceeded to operate. A manager was elected and a man was hired to operate and maintain the equipment. The manager was given the power of important decisions. It was up to him to determine, after consultation with the directors, "the charge to be levied on each member for the use of machinery and equipment in performing various operations", such charge to include: (a) the basic cost rate for the use of machinery on an hourly basis; (b) local labour charges per hour, including local fuel and oil costs; and (c) charges for transportation between farms, where this appeared warranted. All these charges were to be paid promptly, a member in

¹ Quoted from an unpublished Master Thesis by Leslie E. Drayton.

arrears in payment for more than two months to be excluded from further use of the association's equipment.

It was provided that equipment in possession of members could be hired or purchased by the association at the discretion of the manager, who might also employ individual members in the interest of the association, as he saw fit. Compensation for work done by a member was to be credited against his debts to the co-operative for services received. The manager was also to be the final judge as to the efficiency of work performed by any member. Appeal against his decision could be made to a special arbitration board, appointed by the directors.

As to the order in which members obtain use of the various machines, the power of decision rests also with the manager, while the directors function in a consultative capacity. Each member is, of course, assured of all due consideration, but the manager's decision as to where and when each machine is to be used, is final, and no appeal can be made against it. Only in renting the machinery to non-members is the manager dependent on the consent of the directors.

The manager has no say in the acceptance or retirement of members. Such matters are reserved for the directors and for the meeting of members. Retirement of a member can be decided upon when the directors find that he is not using the equipment in a "fair and reasonable manner", or if he persists in delaying the payment of his accounts, or if he otherwise fails in the performance of his duties and obligations. The directors' order of retirement must be confirmed by a two-thirds vote of a membership meeting. The retired member's "out-standing account, if any, may be deducted from his share capital and his loan capital, if any, and the balance refunded to him".

Guided by these arrangements, the Round Hill group has done quite well. Having run their farms with horses prior to forming the co-operative, they purchased, in 1944, a tractor, a tiller combine, a cultivator, a grain crusher, and a separator, at a total cost of \$3,835. Members were employed by the co-operative for threshing only, and did their own seeding, cutting, and stooking. The surplus of the first year amounted to \$248, in addition to \$857 allowed for depreciation, which sum probably contains part of an undivulged surplus. After setting aside small reserves, the surplus, it was decided, was

to be divided among the members in proportion to the value of services they received from the association.

In the following year, more machinery was acquired, a tandem disc, a disc packer, an oil wagon, and a 28-run drill. The association now owns a full line of modern equipment at an average investment per member of \$500, and operates a total of 1,400 acres, composed of nine individual member units.

The Mount Hope Agricultural Co-operative Association, located in the same area, was formed two years later than Round Hill, in 1945, and has obviously profited from the experience of the older co-operative. Being somewhat larger—it has 15 members and operates a total of about 3,500 acres—it is organised along the same lines as Round Hill.

Both co-operatives now follow the practice of rotating the use of machinery by starting operations each year at a different point. In both co-operatives some of the members contemplate seriously further pooling of resources, particularly of land, and are making plans for developing their co-operative into a full-fledged co-operative community.

In a certain sense, this step was taken by the third group which still operates chiefly as a machine sharing co-operative. The Algrove Farm Co-operative owes its origin to slightly different motives. The members are farmers who have been “dusted out” in the early 'thirties from the southern parts of the province. They have obtained their quarter section in the bushland area south of Tisdale mostly by homesteading. None of them succeeded in clearing more than 40 acres for cultivation and many of them were on relief until a few years ago.

There is something desperate in the resolution with which these men go about helping themselves. Their co-operation is born out of the fear that “prosperity” can not endure, and out of determination to keep clear of relief. Their first need is more cultivated acreage on their farms. To speed the clearing of the land from the bush, heavy machinery is required. So, after studying the problem for more than a year, sixteen of them got together in March, 1946, and organised their co-operative. Pooling their meagre resources, they raised the sum of \$1,800. This was not enough to purchase the necessary equipment. They were aided by a Government guarantee in securing from the Saskatchewan Co-operative Credit Society a loan of \$3,600. With the money thus raised they have bought two tractors and

some other small equipment. One of the tractors is being used to cut the bush and the other to break the land; 540 acres have been brought under cultivation during the first season. The group intends to allocate surplus on the basis of labour contributed, use of machinery, and purchase of produce from the association. But they have decided to delay distribution of dividends, and to deduct a certain percentage of the wages in order to build up their reserves.

The plans of the Algrove group go beyond mere machine sharing. They have already leased co-operatively three sections from the provincial government; 250 acres of this land have been cleared and broken during this summer, and will be seeded next year to supply feed for the members' livestock. Later on, they would like to pool all their capital resources, move their homes to an already selected site, and to form a full-sized co-operative community.

It may be expected that the Algrove people will eventually succeed in carrying out their plans. They seem to have the necessary persistence, and they have had the good fortune to find efficient leadership. How much both are needed to make headway, may be seen from the experience of another co-operative, formed in the same area a year earlier. The Orley Production Co-operative Association, formed by about 30 men in 1945 for the same purposes as Algrove, suffered a crop failure in the first year of its existence and was unable to raise the sums necessary for the purchase of heavy equipment.

Of a different type are the two co-operatives which remain to be discussed in this group. The McIntosh and the Turner Co-operative Farm are located not far from each other, about 20 miles north of Saskatoon. They are co-operative associations formed by men who were doing fairly well, but who banded together for the sake of a new farm venture. They, too, were driven by the need for economic security, but not on the level of mere subsistence. Their co-operative aims rather at strengthening the economic basis by enlarging the scope of activities. In this way they represent a stage of transition between the machine sharing co-operatives and the co-operative communities to be described later on.

The McIntosh Co-operative Farm (named after the Minister of Co-operation, the Hon. L. F. McIntosh) was founded by four farmers and the manager of the co-operative store at Hepburn

in 1945. In addition to acquiring \$100 worth of shares, each member loaned to the association a certain amount of money. In this manner, the group raised a sum of \$16,000. They bought about 200 acres of land at the outskirts of the village of Hepburn, at \$40 per acre. They had a well dug, and a water-pumping system installed; they built a henhouse, and a dairy-barn, bought baby chicks and laying hens, and cattle. They purchased land close to their farms, and three of the members moved their homes to this site. They own their homes individually.

The farm operations are conducted as a co-operative enterprise. At first, only two of the members, receiving a monthly wage of \$100, worked on the farm. A third member now has joined them, on a part-time basis. It is expected that all members will find occupation on the farm in the not too distant future. The association owns now 23 dairy cows, eight head of young stock, and 900 culled laying hens. The farm land has been seeded to alfalfa and brom pasture, with oats as a nurse crop.

In the first year of operation, both poultry and dairy showed deficits. These were, however, offset by returns from the oat crop. Since then, dairy and poultry have produced better returns and will probably become profitable during the winter of 1946-47. The reason for some of the initial difficulties lies in a tendency to advance too hastily. The sums needed for investment were large, and some of the members had to incur debts to supply them. The scope of farm operations seems to have been expanded prematurely. Reducing the pace of the advance to a more solid timing, the group appears to have regained ground.

Slower but more steady progress is being made by the Turner Co-operative Farm Association (named after Mr. A. H. Turner, director of research in the Department of Co-operation). This group has been organised in the spring 1946, by farmers and their sons, of the village of Osler, most of whose inhabitants are Mennonites. Their final aim is the co-operative community. As the first step towards this goal, the six members pooled their resources to purchase from the Government the airport near Osler. They acquired the large barracks and the hangar for a price of \$1,500. So far, only one member has moved, with his family, to the place. It was

his duty to supervise the adaptation of the hangar into a dairy-barn, the digging of a well, and the haying on the 520 acres of land. By the end of October, 1946, approximately 150 loads of hay had been stacked and 24 milch cows, pooled from the members' herds, had been placed in the barn. Shipping milk to the dairy pool in Saskatoon marked the actual start of the dairy enterprise.

To this first co-operative venture the group hopes to add poultry in the spring of 1947. Both, the McIntosh and the Turner group have modelled their by-laws after those of the Sturgis Co-operative Farm, the description of which follows.

THE SOCIAL NEEDS

The most advanced and the most significant of the groups here discussed is the Sturgis Farm Co-operative Association, Ltd. This for several reason, of which we should like to mention the following:—

First, the members of this group were quite successful as individual farmers. In resorting to co-operation they should, therefore, have the best chance of succeeding. For, experience shows that an important factor in co-operative community success is a membership which does not seek in co-operation escape from personal maladjustment. This does not mean that failure under a competitive set-up lessens *a priori* the chances for success in a co-operative. Such chances will depend rather on whether failure was due to the iniquities of the system, or to personal shortcomings. To determine this in each case is difficult, if not impossible. Inquiries of this kind will not be urgent with people who were able "to make a go of it" under competition. They will see in co-operation more than a mere economic convenience. Their "uneasiness" will have its roots, not so much in economic insufficiency, as in the need for a more satisfactory society.

The nine charter members of Sturgis did not enter their co-operative as poor men. Each family was able to loan to the association about \$8,000, in addition to paying \$100 as a membership fee per person. The Sturgis co-operative began activities with a loan capital of \$43,627.

Second, in deciding on an all-out co-operative community from the very start, the members must have been aware of some of the crucial problems of the co-operative movement.

The nature of these problems was first revealed by George Russell, in the famous chapter VI of his "The National Being". "It is not enough—Russell said—to organise farmers in a district for one purpose only—in a credit society, a dairy society, a fruit society, a bacon factory, or in a co-operative store. All these may be and must be beginnings; but if they do not develop and absorb all rural business into their organisation they will have little effect on character. . . . The specialised society only develops economic efficiency. The evolution of humanity beyond its present level depends absolutely on its power to unite and create true social organisms".¹ Reference to these problems has been made again more recently in the critical analysis of the British co-operative movement, by Carr-Saunders,² *et al.*, who after pointing out that "the influence of the movement, despite its spectacular success in the sphere of trade, has been negligible in the realm of ideas", claim that this defect was "closely connected with the failure to work out a new philosophy of co-operation after the older Owenite ideal had been abandoned".

The assumption that the "true social organism" of the modern co-operative community might well turn out to be Owen's "village of co-operation" seen in the light of "a new philosophy of co-operation" must certainly have been at the back of the minds of the Sturgis people when they made their all-out decision. Most of them had been members and officers in "specialised" co-operatives, the wheat pool, marketing and purchasing co-operatives, etc. But they felt that this type of co-operation was not sufficient to relieve their "uneasiness in the competitive culture". They formed a study-action group and after considering their problems for two full years, they concluded that the answer was the co-operative community. Their enterprise thus carries implications that may prove important beyond the limits of their immediate achievements.

Third, being leaders in the wider community—one of them is an M.P., another a delegate to the county council—the members enjoyed a high social status before joining the co-operative. This is worth noting, because of the suspicion,

¹ A. E. (George Russell): *The National Being*, N.Y., Macmillan, 1930, p. 40 f.

² Carr-Saunders, Florence and Peers: *Consumers' Co-operation in Great Britain*, Harpers, N.Y., 1938, p. 47.

or even contempt, with which Anglo-Saxon populations are inclined to view any such radical departures from the established norm. One of the severest handicaps under which the Farm Security Administration's co-operative farms in the U.S.A. had to labour was the distrust of the general public. Formed by highly respected citizens, and not by people on relief, the Sturgis co-operative farm does not meet with any such prejudice.

There is yet another hazard in such ventures which should be lessened by the high social status of those who embark upon it. Even the successful co-operative community has in the past rarely been able to prevent the breaking away of the next generation. The younger people resented being thought of as "different" by the outside world. In the case of Amana this resentment was one of the main reasons for the shift to a joint stock company, and in New Llano the young tended to quit the community long before it collapsed. Given the high social recognition, it may be expected that at Sturgis the children instead of disavowing their parents will be proud to follow in their footsteps.

Finally, there is the high educational level of the members. Three of the men and two of the women have a university background; one of the men has been instructor at the University of Saskatchewan. These men were able to approach their problem analytically. Once they had mapped out their plan of procedure, it proved to be of a calibre which made the supplemental by-laws of Sturgis a model for all co-operative farms incorporated since in Saskatchewan.

The charter members of Sturgis had been farmers with fair-sized property of their own. But to make requirements for joining truly co-operative, they decided that: "Any persons, either owners or tenants of land, or any persons who may contribute their personal services to the association", were eligible for membership.

Whether property owners or not, all members had to pledge themselves to "contribute whatever services in the interests of the association may be required from time to time by the the manager and the board of directors. "One who owns property, has to "describe and indicate the amount of capital and resources" he is prepared "to subscribe and contribute to the assets of the association. "Since, in the case of farmers,

such capital and resources consist chiefly in values which are subject to change, the applicant has to agree "to any special revaluation of assets or capital and resources of the association from time to time as may be determined by the board of directors. "To guarantee the utmost fairness to the member in reference to such revaluation, he is given the right of extensive appeal. He may first turn to a meeting of the members for redress; if the decision of the meeting does not satisfy him, he is free to seek arbitration by means of a tribunal "which shall be composed of a representative appointed by the member, a representative appointed by the board of directors together with a non-member, approved by the Registrar of Co-operative Associations, in the event that the other members cannot agree as to who shall be the independent member".

The applicant has further to agree "to empower the association to retain any loan made by the member, or his membership fee, for a period of time to be decided upon by the board of directors. "But in case of retirement, full restitution of the "amounts held to his credit", including his membership fee is secured to the member, subject, of course, "to the terms of any special contractual arrangement which the member may have made with the association".

To those who admire the propertylessness of the Palestinian Kvutza, such concern with property may seem to be at odds with the true meaning of comprehensive co-operation. Co-operation, however, is a technique of doing things. It should not apply dogmatically, but should suit itself to given conditions and needs. The membership of the Kvutza was recruited mostly from penniless youngsters who were wholly dependent on outside aid. The pattern they have set has great merits. But it is impossible to apply it to countries like the U.S.A. or Canada without profound modifications. In this connection, the example set by the Sturgis by-laws, skilfully combining the spirit of co-operation with the requirements of fair business dealing, may prove of great value.

The Sturgis by-laws contain some other interesting provisions. In addition to more routine arrangements—such as defining rights and duties of the directors and of the manager (who is a member and is not allowed to hold office for more than two consecutive terms), they provide for payment of a "going wage" to each member, male or female. Since some of the

members, like the M.P., serve with pay outside the group, they were confronted with the problem of how to handle such earnings. Here, their solution resembles that of the Kvutza: "All net earnings of members for services rendered to other than the association shall be paid into the treasury of the association, and such members shall receive standard wages during the period of time such services were given in the same manner as would have applied had they been working for the association. . . . If the outside work is of longer duration, the member may obtain leave of absence and then he may retain his earnings. At no time is a member permitted to accept any outside work without the consent of the manager". It is further provided that members who are called upon to perform services for the wider community, may obtain leave with full pay, for not more than one month a year.

The Sturgis group has been incorporated now for little more than two seasons. Immediately upon pooling their resources, which included land as well as equipment, they found that they could do without about a third of their machinery. They auctioned off the surplus for about \$4,000. One of the farms in the pool was located at a distance of 25 miles from Sturgis, and required an extra tractor. Now they have exchanged the farm for land close to the site of the community, and the tractor has been sold. The group has concluded its first year with a substantial surplus. With the savings effected through the sale of the unhandy farm, they expect to make an even better showing at the end of 1946.

On the 1,700 acres they cultivate, the group has continued one-crop grain farming as practised before incorporation. They plan, however, to diversify their crops, and to add livestock as soon as they move to the community site. The first steps toward building the community have already been taken. They have purchased 80 acres of land near Sturgis, and have laid the foundations for the new houses. The members, whose number has risen to eleven, five men and their wives and the sister of one member, help in the building. But shortage of material is delaying completion. The houses will be owned by the co-operative. Rent will be charged according to the size of investment.

Once the houses are built, co-operative community activities will be taken up, step by step. As long as the community is

not large enough to afford all such facilities as consumer store, church, school, community centre, electricity, etc., they will utilise those of the nearby village of Sturgis. Later on, they plan to concentrate all social activities within their own community.

THE YOUNGER SONS

The Sturgis group has set, in its by-laws, a pattern which lends itself to emulation by other groups, even though their motives may differ from those of the original. The predominant motive in the organisation of the Laurel Farm Co-operative Association, incorporated early in 1946, was the desire to treat the younger sons decently. Instead of resigning themselves to the prevailing practice of virtual disinheritance as to a necessary evil, the nine adult members of the family, six men and three women, sat down together to think the matter over. After prolonged study, they found the way out in co-operation.

The older members of the family each owned enough good mixed farm land for a fair maintenance, the father 480 acres, the oldest son 160 acres, and the son-in-law as much as 1,500 acres. They had also modern equipment, and they had nothing to worry about as far as they themselves were concerned. But there were the younger sons who had nothing to look forward to but a never-ending struggle for mere subsistence, with hardly a chance of ever becoming independent.

The educational background of the group was, like that of the Sturgis people, quite remarkable. Three of the sons had finished agricultural courses at the University of Saskatchewan, and all three female members had been school teachers. Like the Sturgis group, they enjoyed the respect of the wider community. And they, too, realised that co-operative community, the pooling of all their resources, land as well as equipment, labour, and livestock, was the solution to their problem.

The Sturgis by-laws, with their provision for non-propertied as well as propertied applicants, lent themselves well to their purpose, and they accepted these by-laws in full. In practice, however, there are some differences, because of the different conditions. First, unlike Sturgis, the Laurel Farm started off with three farm owners and three members, the younger sons, who could contribute only their "personal services". This

made for initial inequality on the economic side. They had to put, therefore, more emphasis on the provisions which aimed at remedying such unevenness, as: "In order that capital contributions from members, by way of membership fees, membership loans, and retained dividends, may be more equalised in amount, the directors may require a member who has an investment in capital contributions of less than 50 per cent. of the largest member investment to allow any balance of dividends accruing to him for payment in any year to be placed to the credit of his membership loan account until such time as his investment equals or exceeds 50 per cent. of the largest member investment". In other words, the members who offer only their labour to the pool let their share of the dividends stand until their equity approximates that of the other members. This may take a longer or a shorter time, depending on the good fortune of the group and the size of their surplus. But at no time does this impair the standing of the younger sons. They receive the same going wage, and they have an equal say in decisions. They differ only, for the time being, in terms of income. They have no claim to interest on capital, since they have not contributed any, and their dividends are retained to build up their equity in the farm.

The Laurel group has not, like the Sturgis, moved to a new site, but has set up its homes around that of the son-in-law. The eldest brother has literally picked up his home from a place about two miles away and put it up close by. The father, whose house was not worth moving, has built himself a new one next to the other two. The group decided that the members should own their houses individually. The sons, as long as they are not married, lodge with the parents. Should they establish families of their own, they will receive loans from the co-operative to build their own houses.

The nearest village, Meskanaw, is two miles from the site of the community. The group is therefore, more than Sturgis, dependent on its own facilities. They have their own electric power station, and they have already laid out a community garden and orchard. They also own fifteen cattle.

Finally, they have been able to realise, quicker even than Sturgis, some of the social advantages of co-operative farming. The members have already begun to specialise in the branches of agriculture for which they have most inclination; and some

of them were able to afford, probably for the first time in the history of Canadian farming, the luxury of a three weeks' vacation with pay.

The Laurel group consists, so far, only of members of the same family. But it is by no means their intention to remain a family co-operative. They are willing to consider applications by "outsiders", and some have been already submitted. They rightly hesitate, however, to add any members before their own group has been fully consolidated.

THE WAR VETERANS

A distinctive variant, in the manner of formation as well as in motivation, is the Matador Co-operative Farm Association. This co-operative farm owes its origin to the desire of the provincial government to offer the returning veteran, who wishes to settle on the land, a fair opportunity to do so. The members have not been neighbours, but they have been brought together by the good offices of the government, and had to learn to know each other after settling on the land.

The plans for a veterans' co-operative farm go back to 1944. In August of that year at a conference called by his department, the Hon. J. H. Sturdy, Minister of Reconstruction, offered the following reasons in favour of veterans' co-operative farms: The men in the armed services have received in this last war a sound training in handling machines; they have also learned to appreciate the advantages of group action. It is not likely that, after their return to civilian life, men thus trained will want to go back to primitive methods of farming and to the dullness of the individual farm. Their best chance to utilise the acquired technical and social skills, to achieve a higher standard of living, and a more stimulating social life lies, therefore, in farming co-operatively.

To facilitate action, it appeared necessary to put through an amendment to the Veteran's Land Act. A resolution was passed by almost all co-operative and agricultural organisations in the province, and taken by the Hon. J. H. Sturdy to Ottawa. The resolution ran: "That the Veterans' Land Act be amended to provide that veterans may, if they so desire, pool the grants for which they may be eligible under the Veterans' Land Act to permit of their entering any properly constituted co-operative farming enterprise".

Next, a suitable location had to be selected for the proposed farm. Such a location was found on the Matador ranch, north of Swift Current, in the south-western part of the province. The provincial government owned sixteen sections (10,240 acres) of Crown land, which had been used originally by ranchers from the U.S.A., and later partly by Canadian ranchers and partly for communal grazing. A strip of land, three miles wide and seven miles long, was found to lend itself to large-scale farming, and the site was decided upon.

Finally, a call went out to men in the armed forces to apply for membership in the projected enterprise. Of the many who answered, the most interested were brought together in Regina, in April, 1946. For a whole week 26 applicants met for six hours a day to discuss with experts and government officials agriculture and co-operation in general, and the problems facing them at Matador in particular. As a result of the meetings, nine of the applicants dropped out; the rest had made up their minds to go ahead with the project.

Three weeks later all 17 had assembled at Matador. The arrangement under which they took up operations provided that, as long as the amendment was pending, they would receive wages, equipment, and facilities on loan from the Department of Reconstruction. Once their financial situation was clarified the veterans were to take over on their own, rent the land on a 33-year lease basis with option of purchase at the end of ten years, and to refund to the Government all sums advanced.

The conditions under which the group gathered were extremely difficult. For several weeks the men had to live in a caboose, at a barren place, five miles from the nearest road and six miles from the nearest farm. A first step towards decent housing was made when a large barrack of the St. Aldwyn's airport was cut into sections and moved to the site. One of the provisory buildings that went up served as dining hall, meeting centre, and living quarters for a couple in charge of the kitchen, and the other, as dormitory for the men. Three crews were formed by the men, one to dismantle buildings at the airport; a second, to put them up at the permanent location of the community; and the third, to start breaking the land, with tractors leased from the Department of Reconstruction, and ploughs bought from farmers in the neighbourhood.

By October, four houses and a dormitory had been erected; a barn had been bought and moved to the place; two bins had been built, and a machine shop was about to open; 2,500 acres of land had been broken and worked down, 330 acres of which had been seeded to flax. The number of members had fallen to fifteen, four of them married.

Twice in the meantime, the Hon. J. H. Sturdy had appeared before a Parliamentary Committee in Ottawa to put through the amendment; both times without success. It had become clear, by August, that no decision could be expected in the near future. In spite of the risk involved, the group then decided to incorporate. They have accepted the Sturgis by-laws in full. At a recent meeting they have elected a chairman, a secretary, and five directors; for land operations and field husbandry; for livestock and poultry; for landscape gardening, tree planting and irrigation; for mechanics; for construction; and for education and recreational activities. A general meeting of the members is held regularly each week.

So far as the work on the farm goes, the Matador group had obviously made good, as good as if not better than the other co-operative farms. This should not be surprising in view of the fact that all these men have been born to farming. Before they enlisted, most of them had worked for others, and had not liked it. Now they had the chance to work for themselves, and they thought nothing of putting in a few extra hours of work after dinner.

Really remarkable is the solid group structure which has formed within an unusually short period at Matador. It is true that in contrast to the other groups there has been a relatively large turnover. Of the 19 men who started out together at the end of April, four had dropped out by October. But when it is recalled that the group was formed by men who were total strangers to each other, and that the insecurity about the V.L.A. grant was not conducive to group-integration, a turnover of about 25 per cent. in the formative stage must appear as not unduly large. A sociometric test, applied in July with the purpose of establishing the stage of integration reached, showed that out of the 15 members participating in the test only one had remained an "isolate". The test revealed an unusually high degree of mutual attraction: they not only liked to work and live together, they teamed up also for outside

activities, such as sport, hunting, and visits to the town. Already, after staying together for only a few months, their loyalty towards each other and towards their common undertaking was quite pronounced. It expressed itself in such sayings, as: "It is true that we have some squabbles, sometimes—but let any outsider dare say anything against any of us, we would stop him fast". Or: "I feel more at home here than I ever felt with my folks back home". And more challenging: "Let them try to get me out of here; they'd have to dig me out with a tractor".

This high degree of group-coherence, it may be assumed, has been made possible by similarities in the backgrounds of the members, and by the conditions under which they took up settlement. Of 14 members from whom data could be secured, eight were born in Saskatchewan, and four in other provinces of Canada; all 14 came from rural districts, having grown up or worked on farms prior to service in the armed forces; nine came from families with five or more children; while two had completed high-school and one had had some college training, six had completed not more than the eighth grade, and four had had one or two years of high-school; the youngest was 26 and the oldest 36; nine were Protestants, two Roman Catholics, and three of other faiths; ten were bachelors; and while seven gave economic reasons for joining, six professed to have done so because they were attracted by the "new way of life".

The plans provided for a combination of co-operative farming with individual living. But, as we have seen, conditions forced the men to take up from the start an extreme kind of co-operative living. No other arrangement was possible with only two houses available for 17 men and one woman. Without intending to do so, they had to emulate the Kvutza with its central kitchen, its common dining hall, and dormitory housing. It is probable that even more than similarities in the backgrounds it was these conditions which caused the rapid growth of corporate feeling.

Though in existence for only one season, the Matador group impresses one with its solidity. It appears to have crystallised a nucleus which can be expected to grow into a healthy co-operative community.

Justly encouraged by its first experience, the Department of

Reconstruction has begun to clear land in the Carrot River valley for veterans' farms. It intends to make 60,000 acres available, and it foresees "that many of the farms will be operated on a co-operative basis".

THE POLITICAL CLIMATE

An essential characteristic of co-operation is voluntary association. Co-operation cannot be ordered, it must be freely chosen. Those who tried to disregard this truth in Russia paid with disappointment and failure. During one phase of "collectivisation" over-zealous officials, eager to produce impressive and quick results, used threats and compulsion to force the "mujiks" into the Kolkhozy. The effects proved to be so disastrous that Stalin himself had to interfere.

Government, on the other hand, if sympathetic, can be quite helpful. The Kvutza, *e.g.* grew out of the spontaneous choice of the pioneers themselves. But without the assistance of first the Palestine Office and later the Jewish Agency, the Kvutza would have never been able to achieve its amazing success.

The initiative for organising co-operative farms in Saskatchewan came, as we have seen, from the farmers themselves. Even in the case of Matador, those who joined did so out of free choice. But while the Government wisely refrained from any interference with the budding co-operative farms, it freely offered every service at its disposal. In addition to the splendid "human material", it is this political climate which augurs so well for the future of co-operative farming in Saskatchewan.

Saskatchewan has always been in the forefront of the co-operative movement in Canada. A chart indicative of the concentration of co-operative marketing and purchasing associations in the different provinces, drawn by the Dominion Economic Division, assigns Saskatchewan with 33 per cent. the first place. Far behind come, second and third, Alberta with 16 per cent. and Ontario with 12 per cent. Saskatchewan, to quote an article in the *Saskatchewan News* (August 12, 1946), "is where the word 'co-op' appears on grain elevators, milk wagons, oil trucks, honey jars, warehouses, funeral homes, and even tennis-court club rooms". To support the statement, the article presents figures: "... about 70 per cent. of the

province's adult population belong to one or more co-operatives. . . . Over 300,000 members (out of a total population of about 9,000,000 . . . 1 in 1,1000 co-ops operating 2,500 places of business in the province. In 1945 these co-operatives computed their total assets at \$71,000,000"

In February, 1944, in a pre-election speech, the present premier of Saskatchewan, the Hon T. C. Douglas, declared: "Producers' and consumers' co-operatives have a basic part to play in a co-operative commonwealth. They would safeguard the interest of the farmer and the consumer in the same way that trade unions safeguard the welfare of the industrial worker". And he made this promise: "Under C.C.F. government, co-operatives would be encouraged and expanded". On June 15, 1944, the Co-operative Commonwealth Federation came to power in Saskatchewan, capturing an overwhelming majority of 47 out of 52 seats in the Legislature. On July 7, the new government took office, and on November 2 of the same year it established a Department of Co-operation and Co-operative Development, under the former Wheat Pool field man, the Hon. L. F. McIntosh. The staff of the new department was essentially that of the former Co-operation and Markets Branch of the Department of Agriculture with additions made necessary by the wider scope of activities and responsibilities. The duties and powers of the department were defined as follows:—

"The department shall take such measures as the Minister deems advisable or as may be required by the Lieutenant Governor in Council for the encouragement generally of co-operative development in the province and in particular, but without limiting the generality of the foregoing, shall:—

(a) encourage and assist in the organisation of co-operative enterprises among persons or groups who desire to provide themselves with, or to market, commodities or services or both on a non-profit, co-operative, self-help basis;

(b) provide for such inspection and examination of the affairs of co-operative bodies as may be necessary to secure the due observance of and compliance with the requirements of all Acts relating to co-operation and co-operative development and any regulations thereunder;

(c) institute inquiry into and collect, assort and systematise

information and statistics relating to co-operation and co-operative development;

(d) establish a research service for inquiry generally into the operation of co-operative enterprises and for the making of such investigation and analysis of economic, social and other problems as may be deemed advisable for the encouragement of new or improved methods or means of co-operative organisation and development and, in particular, to study and report upon questions relating to:—

- (1) agricultural production and the processing and marketing of agricultural products;
- (2) industrial development, manufacturing and sale by wholesale;
- (3) credit, investment and business finance generally;
- (4) retailing of goods and services;
- (5) community and other services;

(e) disseminate information relating to co-operation and co-operative development in such manner and form as may be found best suited to encourage interest in the principles and practices of co-operation on a non-profit self-help basis;

(f) issue from time to time such reports, circulars and other publications relating to co-operation and co-operative development as may be deemed advisable;

(g) perform such other duties and provide such other services as may be designated by the Lieutenant Governor in Council"¹

In carrying out its assigned duties, especially in matters concerning co-operative farms, the Department of Co-operation has worked together with the newly established Department of Reconstruction and Rehabilitation, and with the Adult Education Division of the Department of Education.

Since the C.C.F. came to power in Saskatchewan, some of the legal impediments to co-operative farming have been or are in the process of being removed. Formerly an amendment to the Co-operative Associations Act of April, 1944, made incorporation of co-operative farms legally permissible. Now the rights of members in the wider community were clarified.

¹ First Annual Report of the Department of Co-operation and Co-operative Development of the Province of Saskatchewan, for the twelve months ended April 30, 1945, Regina, King's Printer, 1946, p. 9 f.

Since the co-operative farm is paying taxes as one legal entity, only one vote was granted to all the members together in municipal and school elections. This restriction was corrected when the right to vote was made dependent on residence in a given area rather than on the paying of taxes. Still another problem arose in connection with the Prairies Farm Assistance Act. By putting a co-operative farm on equal footing with an individual farmer, the Act deprives the members of their just claims. To secure each member in the co-operative rights enjoyed by the individual farmer, the matter was taken up with the Federal Government, and there are good prospects of remedy. Finally, as already mentioned, energetic attempts are being made to amend the Veterans' Land Act so as to make possible co-operative use of the grants.

The Department of Co-operation is taking seriously its task of research and education. Already in August, 1944, a consultation committee on co-operative farming, grown out of a conference of representatives of agricultural and veterans' organisations, was formed. A research committee was appointed which, headed by Mr. A. H. Turner, Director of Research Services of the Department, made a survey of co-operative farm practice in Canada and the U.S.A. and set down its findings and recommendations in a *Guide to Co-operative Farm Planning*, which is being prepared for release.

Together with the Adult Education Division, the Department has arranged two well-attended meetings of farmers interested in co-operative farming, at Landis and Outlook. It is true that no immediate action has followed, but the meetings helped by airing many problems of co-operative farming, and above all, impressed the general public with the seriousness of the Government's intention to offer assistance to all endeavours in this field.

Of a less spectacular, but of greater immediate value, are services offered to study-action groups. This work, too, is done in collaboration with the Adult Education Division. Pamphlets, some printed and some mimeographed, have been issued on the different aspects of co-operative farming during the last year. Space is generously granted to co-operative farm news in the Department's own bulletin *Co-operative Development*, and in the Government's *Saskatchewan News*. Since the fall of 1946, a printed weekly study bulletin on co-operative

farming is being sent out free of charge to individuals or study groups "interested in the possibilities of co-operative farming in Saskatchewan".

To keep in personal contact with all the groups, the Department has put a trained agricultural economist, Mr. Harold Chapman, in charge of an extension service for co-operative farms. Mr. Chapman visits the groups regularly and helps in an informal but efficient way to smooth the path of the new ventures.

A step forward in the consolidation of the development was marked by a meeting of delegates from the co-operative farms, held in Saskatoon, in October, 1946. This meeting was sponsored and attended by the senior officers of the Department of Co-operation, a representative of the Co-operative Union of Saskatchewan, and a delegate from the Dominion Economics Division. The meeting was to serve as an opportunity to exchange information, and to discuss the possibilities of forming a federation of all co-operative farms in the province. The delegates declared themselves definitely in favour of such federation.

CONCLUSION

The number of co-operative farms in Saskatchewan is as yet small. Practically all of these farms are still in the stage of formation. But even in this initial stage they deserve attention and this for the following reasons:—

(1) They are not utopian. These farms are not being organised by religious or socio-reformistic fanatics, who are bent on demonstrating the truth of a creed or of an ideology. They grow, rather, from the "grass-roots". These farmers resort to co-operation in the classical way, in response to essential needs that cannot be satisfied by individuals acting alone.

(2) These co-operative farms develop into a social and political environment which is sympathetic. They are as yet islands in the tide and ebb of competitive boom and bust. But they are not isolated, for there is continuity in them. They can be likened rather to peaks announcing in their rise the emergence of a new socio-economic continent.

(3) They mark the first coherent trend towards the co-operative farm in a cultural pattern which was assumed to be adverse to anything but individual farming. Those who

watched the Farm Security Administration's co-operative farms in the U.S.A. fail, and concluded that the American farmer was too much of a "rugged individualist" for such "experiments", may have to revise their conclusions. These Canadian farmers are in no way different from the U.S. farmer; they are only more hard-pressed. Their actions spring from the same motives that are present in the cultural background and the mental make-up of the American farmer. When the need for self-help arises, the pattern set by the farmers of Saskatchewan will be more acceptable to the American farmer than the kind of co-operative farm which has developed in Palestine, Mexico, or in Soviet Russia.

(4) Even in their initial stage, these farms reveal the basic use to which co-operation can be put in rural economy. If nothing else, they demonstrate how problems of economic security, of a satisfactory social life, of succession on the farm, can be attacked successfully by co-operative group action.